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REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

Report by the Secretary-General of UNCTAD

Executive summary

The main features of technical cooperation activities of UNCTAD in the year 2000 were its emphasis on capacity-building, its closer interaction with research and deliberative work, a continuation of focus on least developed countries, and an increased level of contributions. Activities of certain programmes and projects were extended to other countries and regions, although the pattern of geographical distribution for overall activities remained more or less unchanged. Total resources available for operational activities amounted to more than US$27 million, reflecting a 22 per cent increase over 1999, thanks to a substantial increase in contributions to trust funds, from both developed and developing countries, and allotments received for implementation of four new projects under the Development Account. Pledges for multi-year contributions to trust funds from an increasing number of donors facilitated planning of activities for 2001 and beyond. Expenditures overall decreased slightly to US$24.1 million of which around 43 per cent was directed towards the least developed countries. A number of new important projects became operational. The major programmes of technical cooperation in order of expenditures were ASYCUDA, trade logistics, trade negotiations and commercial diplomacy, DMFAS, and investment issues analysis. Activities in favour of least developed countries focused on the preparatory process for LDC III and the initiative on the new implementation arrangements of the Integrated Framework. The DMFAS advisory group was set up and decided on the establishment of a DMFAS trust fund. Cooperation with other organizations continued to develop satisfactorily. UNCTAD provisional guidelines on cooperation with the private sector have been prepared. Progress was also made regarding the implementation of paragraph 166 of the UNCTAD X Plan of Action. An in-depth evaluation of the TRAINMAR programme was carried out. Annex I of this Report provides a programme-by-programme review of activities undertaken in 2000. Annex II contains statistical information on UNCTAD technical cooperation.

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INTRODUCTION

1. The present report, in addition to its traditional role of providing information on trends and developments in UNCTAD technical co-operation activities in 2000, seeks to provide information on progress made on the implementation of the recommendations of the UNCTAD X Plan of Action and the decisions of the Trade and Development Board, at its forty-seventh session, with respect to technical cooperation. The report is intended to facilitate the Trade and Development Board's annual policy review of the technical cooperation activities of UNCTAD. It was prepared in accordance with paragraph 107(b) of "A partnership for Growth and Development" (TD/378/Rev.1), adopted at UNCTAD IX.

2. The report will also be submitted to the Working Party on the Medium-term Plan and the Programme Budget for its forthcoming review of technical cooperation activities undertaken by UNCTAD in 2000. The results of the Working Party review will be before the Board.

I. OVERVIEW OF ACTIVITIES IN 2000

3. Technical cooperation activities carried out in the year 2000 helped in shaping a more enabling environment for beneficiary countries to benefit from the process of globalization and liberalization. More specifically they: helped to enhance the capacity of beneficiary countries for focused and effective policy making and effective participation in bilateral, regional and multilateral negotiations involving trade, investment and development; bolstered institutional development; helped to increased awareness on global development issues; facilitated sharing of experience; enhanced regional cooperation; and helped to strengthen cooperation between various stakeholders in beneficiary countries, in particular between government, NGOs and the private sector.

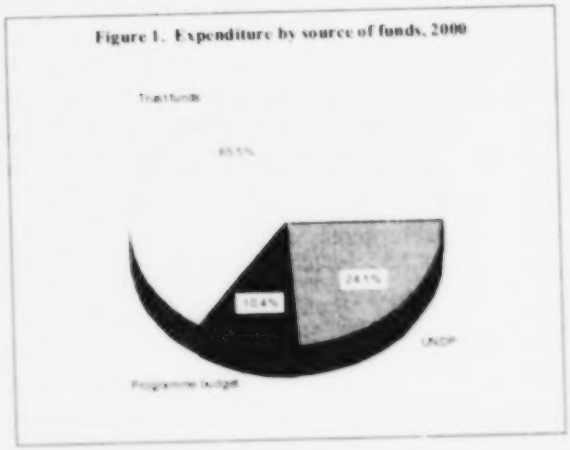
4. The Plan of Action of UNCTAD X, identifying technical cooperation as one of the three main functions of UNCTAD, recommended that the effectiveness and relevance of UNCTAD technical cooperation depended on its integration with the secretariat's policy analysis and the work of intergovernmental bodies. In this regard, efforts were made in 2000 on the design, and implementation of technical cooperation programmes and projects, which effectively exploit the interrelationship between policy analysis, intergovernmental deliberations and operational activities. Technical cooperation programmes were implemented through a combination of field activities and research work. The work under the technical cooperation projects and programmes and discussions at intergovernmental meetings were used in the analytical work of the secretariat. Various workshops/seminars and meetings organized in the context of implementation of programmes and projects sought to enhance the policy relevance of research undertaken by UNCTAD and prepared the basis for future analytical work. This approach was widely followed in all main areas of

UNCTAD work. Annex I of the present document, which provides a programme-by-programme review of UNCTAD technical cooperation in 2000, contains a host of examples on the integration of the three main functions of UNCTAD, describing in detail how activities of individual projects and programmes enhanced the analytical work and contributed to strengthened policy making capacity and deliberative work.

5. Looking to the future, the secretariat, in the context of the preparation of the UNCTAD programme budget proposal for biennium 2002-2003, made every effort to ensure the alignment of proposed analytical work and technical cooperation activities, thus ensuring that the process of integration among the three main functions of UNCTAD, which has already started, will be further intensified and strengthened in the future.

A. Trends in delivery

6. UNCTAD technical cooperation expenditures from all sources amounted to US$24.1 million in 2000, a small decrease over the previous year. This decrease is mainly attributable to a decreased level of project expenditures in Europe due to completion of a number of projects in that region. Moreover, and as pointed out in last year's report, the increase in delivery in 1999 was largely due to the one-time provision of funds (the "savings account") under section 21 of the programme budget. In view of the above, the small decrease in delivery recorded in 2000 should not be construed as an indication of any downward trend. Total expenditures of UNCTAD technical cooperation by sources of funds are provided in table 1 below; sources include UNDP, Trust funds and the programme budget. The programme budget of the United Nations means section 21 and section 33 of the regular budget, covering respectively the "Regular Programme on Technical Cooperation" and the "Development Account".



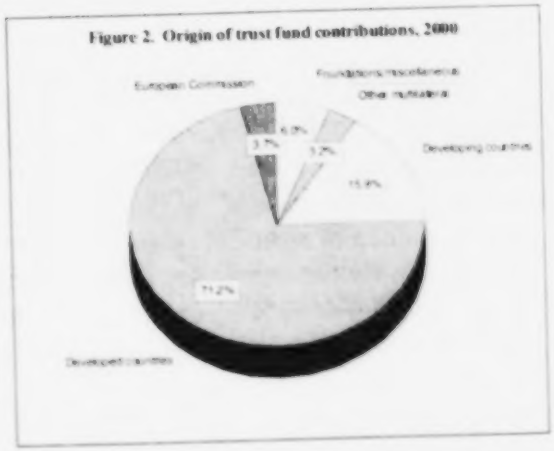


Table 1

UNCTAD's total expenditures on technical cooperation and source of funds, 1990- 2000

(in millions of US$)

	1990	1995	1996	1997	1998	1999	2000
UNDP	17.4	7.8	6.1	6.8	6.0	6.5	5.8
Trust funds	3.6	13.4	15.8	16.1	15.2	16.9	15.8
Programme budget	0.6	0.8	0.5	0.4	0.6	2.0	2.5
Total	**21.6**	**22.0**	**22.4**	**23.3**	**21.8**	**25.4**	**24.1**

7. Table 2 provides information on expenditure for the least developed countries (LDCs) and on regional and programme shares, for the period 1997-2000. The LDCs' share in 2000 was 43 per cent of total expenditure on technical cooperation, compared to 40 per cent in 1999.

Table 2

Technical cooperation expenditure, 1997-2000: by LDCs, by region and by programme

(in thousands of US$)

	1997	1998		1999		2000	
	Amount	Amount	%	Amount	%	Amount	%
Total	**23 289**	**21 833**		**25 409**		**24 184**	
LDCs	9 417	8 212	37.6	10 126	40.0	10 492	43.0
By region:							
Africa	7 839	5 864	26.9	5 344	21.0	5 219	21.6
Asia and the Pacific	3 905	4 208	19.3	4 576	18.0	4 534	18.8
Latin America and the Caribbean	1 407	953	4.4	1 110	4.4	1 376	5.7
Europe	2 526	3 227	14.8	2 338	9.2	845	3.4
Interregional	7 626	7 606	34.8	12 040	47.4	12 211	50.5
By programme:							
Globalization and Development Strategies	3 442	3 070		2 903		2 353	
International Trade in Goods and Services, and Commodities	2 955	2 968		3 539		4 232	
Investment, Technology and Enterprise Development	2 859	2 918		3 948		3 346	
Services Infrastructure for Development and Trade Efficiency	2 981	11 377		10 668		9 720	
Least Developed, Landlocked and Island Developing Countries	491	432		936		2 439	
Cross-Divisional Advisory Services [a]	–	–		2 001		1 269	
Executive Direction and Management, and Support Services	562	1 067		1 415		826	

a Expenditure under this item was included in the past in the expenditure of Executive Direction and Management.

8. Table 3 details 2000 expenditure by programme, according to the structure of the secretariat in 2000. The Division for Services Infrastructure for Development and Trade Efficiency (SITE) continues, as in previous years, to represent the largest share in the implementation of UNCTAD's technical cooperation, accounting in 2000 for 40.2 per cent of total expenditure. The three other divisions - the Divisions on International Trade in Goods and Services, and Commodities (DITC), Globalization and Development Strategies (GDS), and Investment, Technology and Enterprise Development (DITE) - represented respectively 17.6 per cent, 9.7 per cent, and 13.7 per cent of total expenditure. The balance was represented by the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries and by activities reported for the secretariat as a whole, including Executive Direction and Management.

9. Within SITE, the programme on customs reform and automation (ASYCUDA) accounted in 2000 for 59.0 per cent of the Division's total expenditure and 23.5 per cent of total technical cooperation activities. This programme continues to attract strong demand from potential beneficiary countries, and is supported by a broad range of donors. Other SITE activities included, as in earlier years, the development and implementation of the Advance Cargo Information System (ACIS) programme, human resources development, including TRAINMAR and TRAINFORTRADE, and activities related to trade efficiency and facilitation.

10. DITC's technical cooperation continues to focus on strengthening the trade capacities of developing countries, providing assistance in dealing with international trading system issues, training and human resource development, and trade information. Most of these activities are associated with assisting countries in the implementation of various outcomes of the Uruguay Round with the objective of maximizing the benefits that developing countries derive from the multilateral trading system and facilitating their integration into the global economy. A number of countries, including Algeria, Azerbaijan, Belarus, Bhutan, Cambodia, the Former Yugoslav Republic of Macedonia, Kazakhstan, Lao People's Democratic Republic, Lebanon, Nepal, the Russian Federation, Samoa, Sudan, Viet Nam and Yemen were assisted in 2000 in the process of their accession to the World Trade Organization (WTO). A range of countries were also assisted on various multilateral trade negotiations issues. The Commercial Diplomacy Programme, further to the mandate received at UNCTAD X (paragraphs 129 and 164 of the Plan of Action), entered fully into operation in 2000. According to its mandate, the training of trade negotiators and the support to training and research institutions of developing countries in the area of trade policy-making and negotiations are the main objectives of the Programme. In the year 2000, the Programme designed and organized 18 training and capacity-building events at national, subregional and regional level.

11. Work in the area of commodities continues to cover such issues as capacity-building for diversification and commodity-based development and advice and training on commodity-price risk management.

Table 3

Technical cooperation activities, by Division/Programme, 2000:
Expenditure as at 31 December 2000

(in thousands of US$)

Division	UNDP	Trust funds	Programme budget	Total	
				Amount	%
GDS: Total	**564**	**1 675**	**114**	**2 353**	**9.7**
Macroeconomic and development policies		251	-	251	1.1
DMFAS programme	553	1 361	114	2 028	8.4
Special programmes	11	63	-	74	0.3
DITC: Total	**807**	**2 939**	**486**	**4 232**	**17.6**
Trade analysis	-	32	-	32	0.1
Trade negotiations and commercial diplomacy	601	1 517	233	2 350	9.8
Commodities	-4	51	253	301	1.2
Trade, environment and development	210	1 035	-	1 246	5.2
Competition law and policy and consumer protection	-	304	-	304	1.3
DITE: Total	**467**	**2 879**	**-**	**3 346**	**13.7**
Investment issues analysis	157	1 383	-	1 540	6.4
Investment policies and capacity building	261	576	-	837	3.4
Technology and enterprise	49	920	-	969	4.0
SITE: Total	**3 132**	**5 940**	**648**	**9 720**	**40.2**
Trade logistics	1 004	1 593	-	2 597	10.7
ASYCUDA	2 120	3 575	-	5 693	23.5
Information and training (HRD)	10	772	-	781	3.2
Electronic commerce	-	-	648	648	2.7
LDC: Total	**175**	**2 264**	**-**	**2 439**	**10.1**
Cross-Divisional Advisory Services	**-**	**-**	**1 269**	**1 269**	**5.2**
EDM: Total	**674**	**152**		**826**	**3.4**
Grand total	**5 817**	**15 850**	**2 517**	**24 184**	**100**

12. Support for debt management, including through the promotion and installation of the Debt Management and Financial Analysis System (DMFAS) programme, continues to constitute the bulk of GDS technical cooperation (about 86.1 per cent). Major activities in 2000 included the release of DMFAS version 5.2, further implementation of the system in the requesting countries, DSM+ activities, an Interregional Debt Management Conference and the establishment of a DMFAS Advisory Group. As of end 2000, the DMFAS Programme had projects in 60 developing countries and countries with economies in transition.

13. DITE's technical cooperation activities in 2000 continued to be carried out within the framework of three subprogrammes, namely investment issues analysis (46.0 per cent of the Division's activities), investment policies and capacity building (25.0 per cent) and technology and enterprise (29.0 per cent). Activities under the first component included work on the preparation of the *World Investment Report*, on the link between foreign direct investment and trade in services, and on issues relevant to international investment agreements (IIAs). Activities related to portfolio investment and micro-finance, formerly carried out respectively in GDS and in SITE, are now the responsibility of DITE. As requested in Trade and Development Board decision 461(XLVII), which encouraged the secretariat to pursue and extend consultations with interested member States regarding UNCTAD's technical cooperation activities, the secretariat held informal meetings with donors and beneficiaries on the work programme on "Capacity-building in developing countries on issues in international investment agreements".

14. Activities carried out in DITE under the second component - national innovation and investment policies - continued to focus on assistance to interested countries in attracting foreign investment through training and advice on specific investment issues. Under this component, UNCTAD undertakes policy reviews on investment (IPRs) and on technology and innovation (STIPs). Also pursuant to Board decision 461(XLVII), which called upon the secretariat to consider, in consultation with donors and beneficiaries, clustering and formulating umbrella projects, the secretariat prepared a programme on "Capacity-building in investment promotion" which was discussed in December 2000. This proposal is an attempt to cluster under a single programme the various technical cooperation activities of UNCTAD in this area.

15. Under enterprise development - the third component - activities continued to focus on the further expansion of the EMPRETEC programme aimed at promoting entrepreneurship and fostering links between small and medium-sized enterprises and foreign companies. A total of 265 EMPRETEC Entrepreneurship Training workshops have been conducted in 15 countries, reaching 6,800 selected participants.

16. In addition to the four new projects under the Development Account (see paragraph 24 below), a number of other major programmes and projects became operational in 2000. These include, *inter alia*, projects under the Commercial Diplomacy Programme and on international investment agreements. Moreover a multi-year trust fund project designed to enhance the overall technical cooperation activities of UNCTAD became operational in late 2000. This project supports ad hoc activities and fact-finding and programming missions and activities, in particular those which may eventually lead to formulation of full-fledged projects with a good chance of funding.

B. Trends in mobilization of resources

17. UNCTAD technical cooperation activities continue to be financed from three main sources: trust funds, UNDP and the programme budget of the United Nations. Overall resources available in

2000 for UNCTAD technical cooperation amounted to US$27 million ($18.7 million from trust funds, $5.8 million from UNDP and $2.5 million from the programme budget).

18. Trust fund contributions are provided on a voluntary basis by individual Governments, multilateral donors, non-governmental organizations, the enterprise sector and foundations. Table 4 shows the evolution in trust fund contributions, by category, over the last few years. Table VI of Annex II provides the complete list of contributors. About 50 Governments and a score of multilateral and other organizations contributed to UNCTAD trust funds in 2000. Total contributions increased substantially to US$18.7 million, an increase of about 36 per cent over 1999. The substantial increase in bilateral contributions contrasted sharply with the decline in the level of multilateral contributions.

19. Developed countries continued to be the major contributors to UNCTAD trust funds and in 2000 increased their contribution substantially, accounting for 71 per cent of overall contributions. Contributions by these countries increased from US$7.8 million in 1999 to US$13.3 million in 2000.

20. Contributions by developing countries and countries with economies in transition to trust funds amounted to 16 per cent of total contributions in 2000, equivalent to approximately $3 million in 2000, reflecting an increase of 39 per cent compared to the previous year. As in the past, these contributions took the form of either general support or self-financing arrangements. General contributions by these countries are in support of regional and/or interregional technical cooperation activities and projects. Self-sustained and country cost-sharing contributions are in support of individual country projects involving the provision of specified services (e.g. ASYCUDA/DMFAS) by UNCTAD in their countries. Such services are generally financed by utilizing the proceeds of loans or grants from the World Bank or the regional development banks. Contributions under this category amounted to $2.3 million in the year 2000, an increase of 148 per cent compared with the previous year.

21. UNDP support in 2000 amounted to US$5.8 million, a decrease of about 12 per cent as compared to 1999. UNCTAD avails itself of various resources managed by UNDP, including its Targets for Resource Assignment from the Core (TRAC) resources, regional and global programmes, and Support Services for Policy and Programme Development (SPPD). The latter facility provides for upstream policy and advisory services. It is meant to improve the upstream technical focus of agencies and regional commissions and to ensure that enhanced policy advice is available to Governments for formulation of strategies and programmes. UNCTAD was also able to avail itself of resources available to UN resident coordinators to undertake a few ad hoc activities in a number of beneficiary countries.

Table 4

UNCTAD trust fund contributions (1994-1999)[a]

(in thousands of US$)

Category	1994	1995	1996	1997	1998	1999	2000	(% of total)
Developed countries' contributions	10 860	10 906	12 732	5 991	9 373	7 863	13 312	71.2
(of which associate experts)	*(672)*	*(672)*	*(518)*	*(873)*	*(729)*	*(505)*	*(632)*	
Developing countries - general contribution	190	218	1 012	996	624	1 195	639	3.5
Developing countries - self sustained[b]	2 686	2 096	2 229	1 092	2 070	938	2 330	12.4
European Commission	1 780	4 123	5 634	3 821	3 527	1 139	675	3.7
Other multilateral[c]	888	297	272	905	1 055	1758	594	3.2
Foundation/miscellaneous	195	243	135	464	557	742	1 127	6.0
Total	**16 599**	**17 883**	**22 014**	**13 270**	**17 207**	**13 635**	**18 677**	**100**

a Exclusive of third-party cost-sharing contributions through UNDP.
b For activities in their own countries, financed from domestic budget resources or through loans from the World Bank and regional development banks.
c For details see table VII of the statistical annex (TD/B/48/5/Add.2 - TD/B/WP/139/Add.2).

22. In delivering its technical cooperation services UNCTAD also benefits from resources made available to it under the regular programme of technical cooperation. The regular programme of technical co-operation complements technical assistance available to the developing countries and countries with economies in transition from other sources of funds. In many countries, it continues to play an important role in several areas of operational activities, including capacity-building to increase competitiveness in the global economic environment and support for institutional reforms. Within the framework of existing guidelines, individual technical co-operation activities under the regular programme are determined by the nature of requests received from Governments and the recommendations of intergovernmental legislative bodies. Funding is directed towards activities which will have an impact on the development process, which are in accord with development needs and priorities of individual countries, and which are consistent with the outcome of global United Nations conferences.

23. The programme is divided into two components: sectoral advisory services, executed by certain UN departments and offices, including UNCTAD, and regional and subregional advisory services executed by UN regional economic commissions. Main types of technical co-operation activities under this programme are short-term consultancy services, field projects, and training. Total allotment for the programme is approximately 20 million dollars, from which an approximate amount of 2 million dollars is allocated to the trade and development sector, implemented by UNCTAD, and in support of the objectives outlined in the UNCTAD X Plan of Action. Thus the UNCTAD regular programme of technical co-operation focuses on strengthening the capacities of

developing countries and their economic groupings to foster their integration into the world economy in a manner that enhances the development opportunities offered by the globalization process.

24. An important development in the area of technical cooperation in UNCTAD in the year 2000 was the operationalization of four projects under the Development Account. The Development Account is part of the regular budget of the United Nations. It was established, by the General Assembly, as a multi-year account for supplementary development activities. The resources of the Development Account are generated through the redeployment of resources released due to productivity gains. The projects under the Development Account should: (a) have a multiplier effect and promote capacity-building; (b) promote regional and interregional economic and technical cooperation among the developing countries; and (c) use available human and technical resources from the developing countries. The four projects approved by the United Nations General Assembly for implementation by UNCTAD under the second tranche of the Development Account in the context of the 2000-2001 biennium budget are: (i) capacity-building and policy networking for sustainable resource-based development; (ii) enhancing the capacity of developing countries and countries with economies in transition for effective integration in the multilateral trading system; (iii) capacity-building for debt sustainability analysis; and (iv) capacity-building for diversification and commodity-based development. With a total allotment of US$2.7 million, these four projects represent 20 per cent of a total allotment of 16 projects financed under the second tranche of the Account by the United Nations. Under the first tranche of the Development Account, UNCTAD implemented a project on promotion of electronic commerce with a budget of US$2 million.

25. Proposals for implementation by UNCTAD, of four projects under the third tranche of the Development Account in the biennium 2002-2003 are currently under consideration by the General Assembly. These projects are related to: (i) capacity-building on key issues on the international economic agenda; (ii) capacity-building in developing countries to attract and benefit from international investment; (iii) capacity-building through training in dispute settlement in international trade, investment and intellectual property; and (iv) institutional capacity-building for competition law and policy. The total proposed budget for the above project proposals is US$2.7 million.

26. Lack of predictability of resources often compromises the delivery of technical cooperation services. An important development in 2000 with regard to mobilization of resources was the positive response of donors to address concerns that had been raised over this matter. An increasing number of donors established fixed yearly contributions and made multiyear pledges to facilitate planning of certain activities. It would be highly desirable that this practice be continued and be followed by other donors. One bilateral donor reported to the secretariat that in 2000 and in the process of redefining its development aid, the Government decided to budget its bilateral and multilateral aid separately and apply the same priority, in terms of disbursement of contributions, to its multilateral aid. This enables the Government to make multiyear pledges and therefore to disburse its contribution in time and at the beginning of the year. Such exercises help UNCTAD in

programming and implementation of its technical cooperation activities in time and thus in increasing its rate of delivery.

**Mainstreaming trade-related technical cooperation.
Perspective of a bilateral donor: Case of Finland**

Towards the end of 2000, the Government of Finland undertook an assessment of its development cooperation relations with developing countries and international development organizations with a view to ensuring that its policy guidelines are translated into concrete action within the framework of its development aid policy in the country's bilateral and multilateral development cooperation. This assessment resulted in identification of measures to further enhance the country's bilateral and multilateral development cooperation, the main objective being to increase emphasis on poverty reduction. Considering that assisting developing countries in their efforts to integrate into the world economy can help to achieve this overall objective, the Finnish aid authorities have elaborated internal policy guidelines governing trade-related development assistance to developing countries and in particular low-income and least developed countries. This entails providing support to these countries to: (i) integrate trade and trade-related issues into their overall development policy; (ii) enhance their capacity for effective participation in the international trading system with a view to taking full advantage of the opportunities offered; (iii) enhance their capacity for participation in multilateral trade negotiations; (iv) benefit from enhanced market access; and (v) create an enabling investment environment and a productive infrastructure. These objectives will be pursued by: (a) providing support to international intergovernmental organizations: Bretton Woods institutions, WTO, UNCTAD, ITC, ILO and UNEP, as well as in the context of the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries (JITAP); (b) action taken at the European Union level; and (c) action at the national and bilateral level. Assistance at the bilateral level may take one of the following forms: (i) trade-related capacity-building programmes - which may be executed in cooperation with international organizations; (ii) preparation of studies on trade-related issues; and (iii) support to activities of NGOs on trade-related issues.

The guidelines call for a long-term commitment of resources with regard to international organizations when relevant and justified. This approach alleviates executing agencies difficulties' associated with lack of predictability of resources and thus enables them to improve both planning and execution of their operational activities. A longer-term commitment also deepens the relationship between the donor and the organization.

27. In response to the request included in section II.F of the Bangkok Plan of Action on technical cooperation, the secretariat prepared the annual indicative plan of UNCTAD's technical cooperation

for 2001 (TD/B/47/8 -TD/B/WP/132). This document was reviewed by the Working Party at its thirty-sixth session in September 2000. At its forty-sixth session in October 2000, the Board requested that this document be revised and reissued in the light of the comments made by the Working Party (decision 461(XLVII)). The revised document (TD/B/47/8/Rev.1-TD/B/WP/132/Rev.1) was published in March 2001.

28. The Indicative Plan for 2002 is provided in document TD/B/48/8-TD/B/WP/142. The indicative plan includes: ongoing projects which are expected to continue through 2002 and projects proposed as the result of specific requests addressed to the secretariat, either by potential beneficiaries or by an intergovernmental body.

29. Improvements have been recorded with regard to the utilization of developing countries' capacities in implementation of technical cooperation activities. Continued efforts are under way to widen the geographical coverage of experts and consultants for the implementation of projects. Moreover, the implementation of activities of four new projects under the Development Account that became operational in 2000 and the new ones which are expected to become operational in 2002 under the third tranche of that Account are expected to have an important bearing on this issue in 2001 and beyond. The guidelines governing the Development Account call for particular attention to be given to the utilization of technical, human and other resources available in developing countries for implementation of projects financed under the Account.

II. ACTIVITIES REGARDING THE LEAST DEVELOPED COUNTRIES

30. In accordance with the recommendation of the Plan of Action of UNCTAD X that the least developed countries should have priority in assistance provided by UNCTAD, these countries continued to be the major beneficiary of UNCTAD technical assistance in 2000 and benefited from UNCTAD support in all main areas of its activities. The share of LDCs in overall technical assistance provided by UNCTAD in 2000 reached 43 per cent. The year 2000 witnessed a consolidation of efforts to mainstream LDC-related work into all main activities of UNCTAD. At the same time the focus of activities carried out was mainly on the preparatory process for the Third United Nations Conference on LDCs (LDC III), as well as on improvement of the implementation of the Integrated Framework for Trade-Related Technical Assistance.

31. Work on the preparatory process for the Conference, which had started in 1999, was further intensified in 2000 and became an UNCTAD-wide priority. To enable UNCTAD to undertake the preparatory process, substantial and generous contributions from bilateral and multilateral donors in 2000 supplemented resources that had been made available in 1999 at the bilateral level by the European Union to individual least developed countries in the context of setting up their National Preparatory Committees to prepare national programmes of action. Given the bottom-up approach taken to the Conference, possibly one of the most important aspects of the preparatory process was this provision of support to the least developed countries, through National Preparatory

Committees, for the elaboration of their national programmes of action. This support was provided in collaboration with UNDG, the United Nations resident coordinators in LDCs, the European Commission and the World Bank. The preparatory process also involved preparations for and the organization of three preparatory expert-level meetings, three meetings of the Intergovernmental Preparatory Committee and a number of thematic and sectoral meetings.

32. In June 2000, in a joint statement by the Heads of the six core agencies for the Integrated Framework, proposals on new arrangements were put forward for the improvement of the implementation of the Integrated Framework. The Inter-Agency Working Group, donors and LDCs have undertaken intensive follow-up for the implementation of those proposals. There is now widespread recognition among donor and LDC Governments, as well as in the six core agencies, that in order to ensure an effective implementation of the Integrated Framework, the trade priorities need to be mainstreamed into LDCs' overall development strategies. In this connection, the six core agencies organized a seminar on the subject in early 2001. The main task in the mainstreaming process involves carrying out country integration studies, which will provide the basis for the identification of needs for trade-related capacity-building in individual LDCs. This will be a World Bank-led exercise in which all other core agencies are expected to be fully associated.

33. To give practical and concrete effect to the new implementation arrangements for the Integrated Framework, the WTO Sub-Committee on the LDCs adopted the Integrated Framework Pilot Scheme. The Pilot Scheme will be implemented in countries which have demonstrated a clear choice and commitment to mainstream a trade integration as part of their overall development strategies as reflected in, for example, Poverty Reduction Strategy Papers (PRSPs) or the United Nations Development Assistance Framework (UNDAF). For concretization of the Pilot Scheme, the establishment of an Integrated Framework Trust Fund and the establishment of a steering committee comprising donors, LDCs and core agencies are envisaged. The resources of the Integrated Framework Trust Fund would be utilized to assist LDCs in developing an analytical and policy framework for mainstreaming trade into national development strategies.

III. COOPERATION WITH OTHER ORGANIZATIONS

34. In the year 2000, UNCTAD continued to carry out its technical cooperation activities in close collaboration and coordination with all relevant agencies and organizations and suppliers of trade-related technical assistance, including regional and subregional integration groupings of developing countries. Closer cooperation consolidated previously existing relations. This cooperation ensured synergy, avoided duplication and helped in deploying streamlined and selective operational activities. As an additional measure to enhance the delivery of technical cooperation services of UNCTAD, a more intensified participatory approach was pursued. In this regard, consultations with civil society, including the private sector and NGOs, in the design, implementation and follow-up activities of projects were further intensified.

35. More specifically, UNCTAD has continued to work closely with a number of organizations promoting technical cooperation for trade and development. UNDP, ITC, WTO, the World Bank, WIPO, UNIDO, IMF, the United Nations Office for Project Services, the regional Economic Commissions and the Department for Economic and Social Affairs of the United Nations, FAO, ILO and IMO. It collaborates with a wide range of economic cooperation organizations, including OECD, and with a number of national and international non-governmental organizations. Annex I to this report provides information on activities carried out in cooperation with these organizations, including on the UNCTAD/UNDP Global Programme on Globalization, Liberalization and Sustainable Human Development.

Evaluation of UNDAF

36. In response to a request by the General Assembly, an evaluation of the United Nations Development Assistance Framework (UNDAF) has been conducted by UNDP for submission to the 2001 substantive session of ECOSOC.[1] It will also be before the General Assembly at its fifty-sixth session later this year. The evaluation looked at UNDAF as a means of promoting coherent programming, producing benefits for recipient countries and contributing to the coherence and effectiveness of the system's operations. That also required assessing Common Country Assessments (CCA) and linkages with other instruments such as the Comprehensive Development Framework (CDF), PRSP and System-Wide Approaches (SWAPs). UNDAF has been completed in 28 countries, is in progress in 31 others and is planned in 29 other countries. The introduction of the CCA has progressed rapidly over the last two years as a necessary pre-condition for UNDAF. CCA has been completed in 76 countries, is under preparation in 38 other countries and is planned in eight countries.

Impact on recipient countries

37. UNDAF provides recipient countries with a greater understanding of the system's role in development, reviewing the system's approach to cooperation and identifying priority areas for action. It can enhance integration of system programmes with national strategies since it is based on national priorities. CCA and UNDAF have enhanced, in specific countries, coordination among national stakeholders when a Government is fully involved from the outset. CCA provides a background reference to the Government, system organizations and other stakeholders and can be a powerful tool for policy dialogue, enhancing country-level monitoring of international goals and contributing to information sharing.

[1] The findings of the evaluation are attached to document A/56/70 - E/2001/58.

Impact on the United Nations system

38. UNDAF has produced substantial results in identifying common strategic priorities and establishing a framework for country programmes. CCA and UNDAF have contributed to developing a "system culture" as an important team-building mechanism, reinforcing the collective identity of country teams through information-sharing and joint partnership in designing a cooperation strategy. Major findings of the evaluation show that both processes (UNDAF and CCA) require the commitment of considerable resources and skills. On the other hand, there are concerns regarding the limited involvement of those United Nations entities or agencies such as UNCTAD and the regional commissions that are not directly represented in the country, notwithstanding the fact that information technologies offer opportunities to improve system efficiency and connectivity, enhancing cooperation in all directions between headquarters and field level.

39. The Programme of Action for the Least Developed Countries for the Decade-2001-2010, adopted by the Third United Nations Conference on the Least Developed Countries in Brussels on 20 May 2001, contains in its chapter III decisions concerning arrangements for implementation, follow-up, monitoring and review at the national, regional and global levels. In that chapter, the Conference included, *inter alia*, provisions concerning the role of the United Nations system, including the Bretton Woods institutions. According to the Programme: "The efforts at the country level by the UN system organizations, in particular within the framework of the Resident Coordinator System, to help LDCs to translate goals and targets of major global conferences and summits into concrete actions in the light of national priorities, provide an opportunity for the promotion of an effective follow-up to the commitments of the Programme of Action." It further "invites the ACC and the United Nations Development Group to consider how to improve the effectiveness and the efficiency of UN system-wide follow-up and monitoring of the Programme of Action." [2]

IV. COOPERATION WITH THE PRIVATE SECTOR

40. Cooperation with the private sector is relevant to UNCTAD's three main areas of work: research, analysis and data collection; intergovernmental deliberations; and technical cooperation. For example, UNCTAD and the private sector may cooperate in the exchange of information, joint research and joint publications. UNCTAD may invite private entities to participate in intergovernmental and informal deliberations with a view to ensuring that the views and perspectives of the private sector are taken into account, where appropriate, in the formulation of policies and in the elaboration of the programme of work. Lastly, UNCTAD may invite private entities to participate in the financing and/or the implementation of technical cooperation activities and projects, subject to the approval of national authorities, as appropriate.

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[2] A/CONF.191/11, paragraphs 96-98.

41. The secretariat completed its work in May 2001 on a set of guidelines for cooperation between UNCTAD, non-governmental organizations and institutions, and private or commercial enterprises. This work was carried out in accordance with a request made in paragraph 164 (ix) of the Bangkok Plan of Action.

42. In pursuing this work, the secretariat has taken fully into account the guidelines on cooperation between the United Nations and the business community elaborated by the Deputy Secretary-General of the United Nations and released in June 2000. These guidelines cover areas such as: general principles guiding cooperative arrangements; use of the United Nations name and emblem; value framework for choosing a partner; modalities for entering into partnerships; and institutional arrangements in the secretariat. The guidelines encourage offices, funds and conferences within the United Nations system to develop more specific guidelines in accordance with their own specific mandates and activities.

43. The UNCTAD guidelines were therefore elaborated in consultation with the Office of Legal Affairs and the Controller of the United Nations and are consistent with the set of Guidelines elaborated by the Deputy Secretary-General of the United Nations. The UNCTAD guidelines have a threefold purpose: to encourage staff members to initiate work with the private sector, to develop a set of good practices; and to manage better the relationships with private entities in conformity with United Nations rules and regulations.

44. The guidelines should be supplemented by several other activities aimed at promoting cooperation with the private sector. A note, to be published subsequently as a booklet, identifying possibilities for private sector cooperation in UNCTAD's technical cooperation activities will be prepared. The booklet would be circulated to Governments, private companies, trade federations and chambers of commerce. The purpose of the booklet will be to give broad public exposure to those areas of UNCTAD's technical cooperation activities where cooperation with the private sector is invited. This information will also be placed on the websites of the United Nations and UNCTAD. The feasibility of establishing an UNCTAD-private sector staff exchange programme could also be examined. Lastly a database of partnership and cooperation activities should be maintained by UNCTAD in order to provide an institutional memory to facilitate research and data management regarding cooperation with the private sector.

V. FINANCIAL SUSTAINABILITY OF CERTAIN TECHNICAL COOPERATION PROGRAMMES

45. In its decision 462(XLVII), the Trade and Development Board recommended to the Secretary-General of UNCTAD that he rapidly establish advisory groups for the ASYCUDA, DMFAS and ACIS programmes; such groups should be composed of technical representatives of interested member States, including existing and potential donors and beneficiaries, and the UNCTAD secretariat and would advise the Secretary-General on a range of issues affecting these

programmes, including options for ensuring their financial sustainability. Major developments with regard to implementation of this decision are outlined below. It should, however, be noted that in light of the distinct nature of the three programmes, the approach to each advisory group is being addressed differently in each case.

DMFAS

46. The first meeting of the DMFAS Advisory Group took place in Geneva on 16 November 2000. At this meeting, which was attended by representatives of beneficiaries, donors and the UNCTAD secretariat, a range of issues were discussed, including the activities of the Programme and its financial plan for the next three years. While the financial plan was deemed broadly acceptable by the participants, the shortfalls, especially that for 2001, which amounted to $600,000, caused concern. Also, it was noted that the ability to maintain the country installations and to provide continuing technical cooperation services was closely linked to the long-term financial sustainability of the Programme.

47. To address the difficulties associated with cash flow, which in particular affect the financing of central operations and contracts for central staff, and cost sharing, the Group agreed that:

(a) A special effort would be made by bilateral donors to close the financial gap for 2001;

(b) A replenishable DMFAS trust fund to cover the costs of the central programme would be created to cover the period 2002-2005.

48. The Trade and Development Board, in its decision 462(XLVII), requested the Secretary-General of UNCTAD to consider the establishment of a DMFAS trust fund in order to ensure the financial sustainability of the central operation of the DMFAS Programme, as well as the different options and modalities for such a trust fund, and to report to the Working Party at its next session. Subsequently the Secretary-General of UNCTAD decided that a DMFAS trust fund should be established with the following features - it should:

(a) Cover the period 2002-2005, with the possibility of an extension;

(b) Be replenishable up front by donors, with funds to be mingled;

(c) Include cost-sharing by beneficiaries;

(d) Be reviewed at mid-term (after two years);

(e) Be discussed yearly at DMFAS Advisory Group meetings.

49. The second meeting of the DMFAS Advisory Group was held from 25 to 26 June 2001 and, inter alia, discuss the proposed Trust Fund. The discussions and outcome of the meeting will be reported in full detail to the Working Party.

ASYCUDA

50. An Advisory Group on ASYCUDA was scheduled to meet on 5 July 2001 to allow an exchange of views between the secretariat and representatives of interested member States concerning the present situation and the future strategy of the ASYCUDA programme. As a basis for discussion, the secretariat prepared a paper covering the following issues: status of ASYCUDA; implementation at the national and regional levels; expected short-term and medium-term trends of demand; technical development of ASYCUDA: priority areas; support to ASYCUDA user countries: strategies to maximize effectiveness; and short-term and medium-term financial perspectives for ASYCUDA: challenges and options. In order to maximize participation and respond to the concerns of users in all regions, the secretariat has sought the views of user countries about these topics through the organization of a series of ASYCUDA regional meetings in 2000 and 2001. The meeting was also intended to provide an opportunity to include in the discussion those Governments that have been supporting ASYCUDA, financially and otherwise, over recent years.

51. The outcome of the discussions at the regional user meetings, together with the views expressed by the participants at the meeting on 5 July, will provide guidance to the secretariat as it defines the strategy for the future of the ASYCUDA Programme. The Working Group will be informed about the outcome of the discussions held on 5 July.

ACIS

52. Arrangements for the advisory group for ACIS will be different, largely because of the heterogeneous nature of ACIS beneficiaries, many of whom are parastatal or private sector transport operators, and the decentralized nature of the funding arrangements for individual ACIS projects. Thus, in the first instance, an information meeting will be organized for interested member States of UNCTAD on the ACIS programme. The possible need for an ACIS Advisory Group will then be reviewed in light of discussions at this informal meeting.

53. The corner stone of ACIS sustainability efforts is the Maintenance Contract. Each transport operator using ACIS is being invited to sign a maintenance contract amounting to approximately US$25,000. According to the terms of the Contract, each transport operator requests UNCTAD to execute a technical assistance project to maintain RailTracker throughout the network in conformity with the conditions and terms detailed in the Contract. The standard Contract includes a description of the activities to be undertaken in a given period and the corresponding inputs to be funded by the transport operator. Each contract also contains operating guidelines to be adhered to in order to attain RailTracker sustainability.

54. As of June 2001, the railways of Cameroon, Kenya, Uganda and the United Republic of Tanzania have signed maintenance contracts. Similar arrangements are being discussed with the railways of TAZARA&Zambia and with the ports of Dar es Salaam and Mombasa.

VI. IMPLEMENTATION OF PARAGRAPH 166 OF THE UNCTAD X PLAN OF ACTION

55. With a view to initiating the implementation of paragraph 166 of the Bangkok Plan of Action, the first training course on "Key issues on the international economic agenda" was conducted from 20 June to 17 July 2001. This training course was organized in cooperation with the United Nations Staff College/International Training Centre of ILO in Turin. A total of 20 participants from the following developing countries, least developed countries and countries with economies in transition attended the course: Argentina, Barbados, Bhutan, China, Colombia, Fiji, Gambia, Iraq, Kazakhstan, Kenya, Lao People's Democratic Republic, Lesotho, Mauritius, Nicaragua, Peru, South Africa, Uganda, Uzbekistan, Venezuela and Zambia. In the introductory and closing sessions, which were held in Geneva, the participants were provided with an overview of the functioning of the Geneva-based international organizations and the permanent missions and a simulation exercise on the process of decision making at the national level. The main course conducted in Turin consisted of five modules dealing with issues with development dimensions within UNCTAD's field of competence.

56. Members of the Working Party will be provided with a preliminary evaluation of the course. In addition, the Advisory Board established by decision 466(XLVII) of the Trade and Development Board will review the outcome of the first training course.

57. As part of future activities for the implementation of paragraph 166, as mentioned earlier in this report, a project proposal is currently under consideration by the General Assembly within the context of the third tranche of the Development Account.

VII. EVALUATION

In-depth evaluations

58. In implementation of the decision taken by the Working Party when it last reviewed the technical cooperation activities of UNCTAD (thirty-sixth session, September 2000), an in-depth evaluation of the TRAINMAR Programme was carried out. The methodology and procedures adopted reflected the standard features of such evaluations mandated by the Working Party. Thus the exercise was carried out by an independent evaluation team using a participatory approach with a professional evaluator familiar with the subject matter and two additional members familiar with

UNCTAD's work programme and procedures to bring the perspective of the beneficiary and donor communities into the process. The report of the evaluation is contained in TD/B/WP/144 and is to be reviewed by the Working Party under agenda item 4(a).

59. As stressed by the Working Party at its September 2000 session, efforts are under way firstly to adopt a logical framework approach from the inception of programmes and projects and secondly, as appropriate, to build evaluation into the related budgets. Two additional in-depth evaluations using funds foreseen in the budgets concerned were carried out covering Port Management Certificates and the Quick Response Window - Advisory Services on Investment and Technology (ASIT). The related reports may be obtained on request through the Programme, Planning and Assessment Unit.

Process and procedures

60. In line with its decision of September 2000, the Working Party will also be considering the follow-up to previous evaluations, including those on EMPRETEC and the Trade Point Programme, under agenda items 4(b) and (c).

61. At its thirty-seventh session, the Working Party was made aware of the incorporation of the logical framework approach into planning and assessment of technical cooperation activities. At the same session, it endorsed the computerized planning and monitoring system, PROMS+. The programme planning and monitoring module is now fully operational, while the technical cooperation module is at an advanced stage of development and it is expected that full functionality, including ability to produce readymade data for the Working Party, will be reached by end 2001. This is expected to enhance assessment by both senior management in UNCTAD and member States.

VIII. CONCLUSION

62. Notwithstanding the achievements and the progress made in enhancing the delivery of technical cooperation services of UNCTAD, there is little ground for complacency. Substantial further efforts are required to make technical cooperation more responsive to donors' concerns and beneficiaries' needs. In this connection the secretariat intends to initiate a process of internal review to address the issues related to the delivery of technical cooperation, including matters related to the absorption capacity of UNCTAD for technical assistance activities and their trade-offs and interaction with research work. Findings of this exercise could be brought to the attention of donors and beneficiaries for consideration and appropriate action. Depending on the outcome of the exercise, the establishment of a mechanism to deal with the matter may be warranted.

63. Performance in the implementation of recommendations of the UNCTAD X Plan of Action and the Trade and Development Board's decisions related to technical cooperation has been mixed.

While substantial progress has been made in certain areas such as capacity-building and the integration of technical cooperation activities with research and analytical work and deliberative work, there have been areas in which progress has been slow. Although the introduction of the annual indicative plan, among other measures, helped in alleviating some of the difficulties, the internal coordination of technical cooperation activities requires further improvement. It is hoped that the results of the exercise outlined in the previous paragraph and the new structure of the secretariat proposed in the context of the proposed programme budget for the next biennium will allow this concern to be addressed.

64. The very nature of trade-related technical assistance activities, the inability to devise any reliable methodology for measuring the gains deriving therefrom, and the scarcity of data render any quantification of benefits of such activities necessarily precarious. The full range of the benefits of UNCTAD technical cooperation services can only be felt in the long run and are not always quantifiable. Notwithstanding, it is estimated that substantial benefits and savings have accrued from the implementation of projects in beneficiary countries, particularly for programmes related to debt management, market access and trade preferences, some of the investment-related activities, trade logistics, and customs reform and automation, in which the gains are more immediately apparent. It is perhaps this background of immediate apparent gains that explains the higher incidence of self-sustained and country cost-sharing projects in certain programmes. The Board may wish to request the secretariat to undertake a review of selected projects and programmes from which quantifiable immediate gains could be achieved with a view to estimating the benefits therefrom. The results could be reported to the Working Party on the Medium-term Plan and the Programme Budget.

65. Expenditures under interregional activities, from which all countries and regions benefit, continued their upward trend, and in 2000 they accounted for more than half of total expenditures on technical cooperation activities. The economies of scale achieved through interregional activities, as well as the exchange of experience, enhanced cost effectiveness and supported cooperation among developing countries. In light of the above, consideration should be given, where appropriate and warranted, to increasing the interregional dimension of technical cooperation services.

66. Trust Fund contributions are the major source of funding for technical cooperation activities of UNCTAD and in 2000 they accounted for 70 per cent of resources available from all sources. Since the mid-1990s, however, there have been sharp yearly fluctuations in such contributions, implying consequent fluctuations in delivery. In this connection, a review of the causes of such fluctuations might well be justified.